



General Assembly

***Substitute Bill No. 1238***

*January Session, 2001*

***AN ACT CONCERNING A TAX CREDIT FOR CONTRIBUTIONS TO  
THE CONNECTICUT HIGHER EDUCATION TRUST FUND.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       (NEW) (a) For taxable years commencing on or after January 1,  
2       2001, there shall be allowed a credit against the tax imposed under  
3       chapter 229 of the general statutes to any resident individual in an  
4       amount equal to four per cent of the amount contributed up to ten  
5       thousand dollars during such taxable year by such individual to a  
6       Connecticut higher education trust account established for the purpose  
7       of meeting the qualified higher education expenses of the account, as  
8       defined in section 3-22f of the general statutes.

9       (b) The amount of credit allowed to any individual under this  
10      section shall not exceed the amount of tax due from such individual  
11      under chapter 229 of the general statutes with respect to such taxable  
12      year.

13      (c) (1) (A) For taxable years commencing on or after January 1, 2001,  
14      but prior to January 1, 2002, in the case of any such taxpayer who files  
15      under the federal income tax for such taxable year as an unmarried  
16      individual whose Connecticut adjusted gross income exceeds fifty-four  
17      thousand five hundred dollars, the amount of the credit shall be  
18      reduced by ten per cent for each ten thousand dollars, or fraction  
19      thereof, by which the taxpayer's Connecticut adjusted gross income

20 exceeds said amount.

21 (B) For taxable years commencing on or after January 1, 2002, but  
22 prior to January 1, 2003, in the case of any such taxpayer who files  
23 under the federal income tax for such taxable year as an unmarried  
24 individual whose Connecticut adjusted gross income exceeds fifty-five  
25 thousand five hundred dollars, the amount of the credit shall be  
26 reduced by ten per cent for each ten thousand dollars, or fraction  
27 thereof, by which the taxpayer's Connecticut adjusted gross income  
28 exceeds said amount.

29 (C) For taxable years commencing on or after January 1, 2003, but  
30 prior to January 1, 2004, in the case of any such taxpayer who files  
31 under the federal income tax for such taxable year as an unmarried  
32 individual whose Connecticut adjusted gross income exceeds fifty-six  
33 thousand five hundred dollars, the amount of the credit shall be  
34 reduced by ten per cent for each ten thousand dollars, or fraction  
35 thereof, by which the taxpayer's Connecticut adjusted gross income  
36 exceeds said amount.

37 (D) For taxable years commencing on or after January 1, 2004, but  
38 prior to January 1, 2005, in the case of any such taxpayer who files  
39 under the federal income tax for such taxable year as an unmarried  
40 individual whose Connecticut adjusted gross income exceeds fifty-  
41 eight thousand five hundred dollars, the amount of the credit shall be  
42 reduced by ten per cent for each ten thousand dollars, or fraction  
43 thereof, by which the taxpayer's Connecticut adjusted gross income  
44 exceeds said amount.

45 (E) For taxable years commencing on or after January 1, 2005, but  
46 prior to January 1, 2006, in the case of any such taxpayer who files  
47 under the federal income tax for such taxable year as an unmarried  
48 individual whose Connecticut adjusted gross income exceeds sixty  
49 thousand five hundred dollars, the amount of the credit shall be  
50 reduced by ten per cent for each ten thousand dollars, or fraction  
51 thereof, by which the taxpayer's Connecticut adjusted gross income

52 exceeds said amount.

53 (F) For taxable years commencing on or after January 1, 2006, but  
54 prior to January 1, 2007, in the case of any such taxpayer who files  
55 under the federal income tax for such taxable year as an unmarried  
56 individual whose Connecticut adjusted gross income exceeds sixty-  
57 two thousand five hundred dollars, the amount of the credit shall be  
58 reduced by ten per cent for each ten thousand dollars, or fraction  
59 thereof, by which the taxpayer's Connecticut adjusted gross income  
60 exceeds said amount.

61 (G) For taxable years commencing on or after January 1, 2007, in the  
62 case of any such taxpayer who files under the federal income tax for  
63 such taxable year as an unmarried individual whose Connecticut  
64 adjusted gross income exceeds sixty-four thousand five hundred  
65 dollars, the amount of the credit shall be reduced by ten per cent for  
66 each ten thousand dollars, or fraction thereof, by which the taxpayer's  
67 Connecticut adjusted gross income exceeds said amount.

68 (2) In the case of any such taxpayer who files under the federal  
69 income tax for such taxable year as a married individual filing  
70 separately whose Connecticut adjusted gross income exceeds fifty  
71 thousand two hundred fifty dollars, the amount of the credit shall be  
72 reduced by ten per cent for each five thousand dollars, or fraction  
73 thereof, by which the taxpayer's Connecticut adjusted gross income  
74 exceeds said amount.

75 (3) In the case of a taxpayer who files under the federal income tax  
76 for such taxable year as a head of household whose Connecticut  
77 adjusted gross income exceeds seventy-eight thousand five hundred  
78 dollars, the amount of the credit shall be reduced by ten per cent for  
79 each ten thousand dollars or fraction thereof, by which the taxpayer's  
80 Connecticut adjusted gross income exceeds said amount.

81 (4) In the case of a taxpayer who files under federal income tax for  
82 such taxable year as married individuals filing jointly whose  
83 Connecticut adjusted gross income exceeds one hundred thousand five

84 hundred dollars, the amount of the credit shall be reduced by ten per  
85 cent for each ten thousand dollars, or fraction thereof, by which the  
86 taxpayer's Connecticut adjusted gross income exceeds said amount.

87 (d) If the State Treasurer makes a distribution to any individual who  
88 has contributed to a Connecticut higher education trust account, the  
89 State Treasurer shall deduct and withhold an amount equal to four per  
90 cent of that portion of the distribution that represents the investment  
91 in the account and shall pay over that amount to the Commissioner of  
92 Revenue Services as a recapture of the credit under this section. If such  
93 contributor is able to establish, to the satisfaction of the commissioner,  
94 that no credit was previously claimed under this section by such  
95 contributor on account of such contribution, the commissioner shall  
96 refund the amount of such recaptured credit to such contributor.

**ED**

*Joint Favorable Subst. C/R*

**FIN**